Distr.
GENERAL

IDB.14/9
4 May 1995

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board
Fourteenth session
Vienna, 26-30 June 1995
Item 7 of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE ON THE WORK OF ITS ELEVENTH SESSION

(24-28 April 1995)

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 8	3
Chapter			
I.	ORGANIZATIONAL MATTERS	9 - 10	3
	Conclusion 95/1		4
II.	FINANCIAL SITUATION OF UNIDO (item 4); INTERIM FINANCIAL PERFORMANCE AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1994-1995 (item 5); RECOMMENDATIONS FOR APPOINTMENT OF AN EXTERNAL AUDITOR (item 10)	11 - 17	4
	Conclusion 95/2		4
	Conclusion 95/3		4
	Conclusion 95/4		5
	Conclusion 95/5		5
	Conclusion 95/6		5
	Conclusion 95/7		5

V.95 53668 (E) (b:\1995\gano 7)

Distr.: 12 May 1995

CONTENTS *(continued)*

		Paragraphs	*Page*
III.	PROGRAMME AND BUDGETS, 1996-1997 (item 6); SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES (item 7); WORKING CAPITAL FUND FOR THE BIENNIUM 1996-1997 (item 8)	18 - 21	5
	Conclusion 95/8		6
	Conclusion 95/9		8
	Conclusion 95/10		8
IV.	REVIEW OF UNIDO COUNTRY DIRECTOR PROGRAMME AND THE PROPOSAL OF A NEW FRAMEWORK FOR FIELD REPRESENTATION (item 11)	22 - 23	8
	Conclusion 95/11		8
V.	INDUSTRIAL DEVELOPMENT FUND (item 9)	24 - 25	8
	Conclusion 95/12		9
VI.	ELECTRONIC DATA-PROCESSING PROGRAMME (item 12)	26 - 27	9
	Conclusion 95/13		9
VII.	DATE OF THE TWELFTH SESSION (item 13)	28	10
	Conclusion 95/14		10
VIII.	ADOPTION OF THE REPORT AND CLOSURE OF THE ELEVENTH SESSION (items 14 and 15)	29 - 30	10

Annexes

I.	Statements by delegations (included upon request)	11
II.	List of documents submitted to the eleventh session	13

Introduction

1. The Programme and Budget Committee held its eleventh session at UNIDO Headquarters, Vienna International Centre, from 24 to 27 April 1995. The following 26 of the 27 members of the Committee participated in the session: Argentina, Belgium, Benin, Brazil, Bulgaria, China, Denmark, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Japan, Madagascar, Mexico, Morocco, Nigeria, Republic of Korea, Russian Federation, Saudi Arabia, Switzerland, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland and United States of America.

2. The following 51 Members of UNIDO also attended the session: Algeria, Angola, Australia, Austria, Belarus, Bolivia, Bosnia and Herzegovina, Cameroon, Chile, Colombia, Costa Rica, Croatia, Cuba, Czech Republic, Democratic People's Republic of Korea, Ecuador, Ethiopia, Finland, Greece, Iran (Islamic Republic of), Iraq, Ireland, Jordan, Kuwait, Lebanon, Lithuania, Luxembourg, Netherlands, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Slovakia, Spain, Sudan, Sweden, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, Venezuela and Viet Nam.

3. The United Nations Development Programme, United Nations Educational, Scientific and Cultural Organization, World Health Organization, International Organization for Migration and League of Arab States were represented.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Mr. T. C. Spencer (Trinidad and Tobago) as Chairman; Mr. I. Petrov (Bulgaria), Mr. A. Schepisi (Italy), and Mr. A. Fitahiantsoa (Madagascar) as Vice-Chairmen; and Mr. B. Balakrishnan (India) as Rapporteur.

5. The agenda for the eleventh session as adopted by the Committee is contained in document PBC.11/1. Following the adoption of the agenda, the Director-General made an introductory statement that was duly taken into account by the Committee in the consideration of the relevant agenda items.

6. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

7. The report contains the conclusions reached by the Committee. Statements of principle by some delegations wishing to go on record as well as statements made in connection with the adoption of conclusions are included in annex I to the report. Annex II contains a list of documents submitted to the Committee at its current session.

8. The following conclusions of the Committee contain recommendations that call for action by the Board at its fourteenth session or are of relevance to the work of that session:

Conclusion	Subject
Conclusion 95/2	Financial situation of UNIDO
Conclusion 95/3	6 per cent figure set as a regular budget ceiling for technical co-operation activities
Conclusion 95/4	Financial situation of UNIDO; Interim financial performance report for the biennium 1994-1995
Conclusion 95/5	Interim financial performance report and programme performance report for the biennium 1994-1995
Conclusion 95/7	Recommendations for appointment of an External Auditor
Conclusion 95/8	Programme and budgets, 1996-1997
Conclusion 95/9	Scale of assessments for apportionment of the regular budget expenses
Conclusion 95/10	Working Capital Fund for the biennium 1996-1997
Conclusion 95/11	Review of the UNIDO Country Director programme and the proposal of a new framework for field representation
Conclusion 95/12	Industrial Development Fund
Conclusion 95/13	Electronic data-processing programme

I. ORGANIZATIONAL MATTERS

9. On 24 April, the Committee considered a proposal by the Chairman to optimize the *utilization of available conference-servicing resources* and adopted the following conclusion:

Conclusion 95/1

The Committee, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 24 of its rules of procedure relating to the quorum, for the meetings of its eleventh session only, provided no substantive decisions were taken at those meetings.

10. The Committee also decided to set up informal in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Mr. A. Schepisi (Vice-Chairman) to chair those consultations.

II. FINANCIAL SITUATION OF UNIDO (item 4); INTERIM FINANCIAL PERFORMANCE AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1994-1995 (item 5); RECOMMENDATIONS FOR APPOINTMENT OF AN EXTERNAL AUDITOR (item 10)

11. On 24 and 25 April, the Committee considered a report by the Director-General on the financial situation of UNIDO (PBC.11/7) updated in conference room paper PBC.11/CRP.4; a study submitted by the Director-General on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities (PBC.11/9); the interim financial performance report for the biennium 1994-1995 submitted by the Director-General (PBC.11/8 and Corr.1); and the interim programme performance report for the biennium 1994-1995, as contained in the addendum to the Annual Report, 1994 (PBC.11/10/Add.1 and Corr.1);

12. On 27 April, after consideration of a draft conclusion on the *financial situation of UNIDO* submitted by the Chairman (PBC.11/L.4), the Committee adopted the following conclusion:

Conclusion 95/2

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the report of the Director-General on the financial situation of UNIDO (PBC.11/7), containing information concerning the status of assessed contributions, advances to the Working Capital Fund, cash flow estimates, regular budget performance, revised appropriations for the 1994-1995 biennium, proposals on operational budget reserves and the treatment of new Member State income;

"(b) Urges those Member States that have not yet paid their assessed regular budget contributions, including advances to the Working Capital Fund, for the bienniums 1986-1987 to 1994-1995 to do so without delay;

"(c) Takes note of the proposals on the operational budget reserve and approves the proposals of the Director-General: (i) to fix the operating reserve for the biennium 1996-1997 at $4.3 million, representing 15 per cent of the estimated operational budget expenditures for that biennium; and (ii) to endeavour to restore the reserve to that level as soon as possible;

"(d) Takes note of the comments outlined in chapter V of document PBC.11/7 on the treatment of new Member State income and approves the application of those procedures for the 1992-1993 and future bienniums."

13. On 27 April, after consideration of a draft conclusion on the *6 per cent figure set as a regular budget ceiling for technical cooperation activities* submitted by the Chairman (PBC.11/L.10), the Committee adopted the following conclusion:

Conclusion 95/3

The Programme and Budget Committee:

(a) Recalled Board decision IDB.13/Dec.14;

(b) Took note of the information contained in document PBC.11/9;

(c) Emphasized the importance of increasing and better utilizing the resources for technical cooperation activities of UNIDO;

(d) Requested the Director-General to submit to the fourteenth session of the Industrial Development Board a report on the implications of possibly changing the present percentage of regular budget resources for technical cooperation activities, keeping in mind paragraph 33 of document PBC.11/9;

(e) Proposed that the Industrial Development Board recommend to the sixth session of the General Conference any appropriate measures on the subject for consideration.

14. On 27 April, after consideration of a draft conclusion on the *financial situation of UNIDO and the interim financial performance report for the biennium 1994-1995* submitted by the Chairman (PBC.11/L.13), the Committee adopted the following conclusion:

Conclusion 95/4

The Programme and Budget Committee:

(a) Took note of the report of the Director-General on the financial situation of UNIDO (PBC.11/7) and the interim financial performance report for the biennium 1994-1995 (PBC.11/8 and Corr.1);

(b) Recommended that the Industrial Development Board at its fourteenth session consider the question of treatment of the unutilized balances with respect to the biennium 1992-1993, as reported in document PBC.11/8 and Corr.1, Statement II.B, taking into account the importance of strengthening the statutory cash base of the Organization.

15. On 27 April, after consideration of a draft conclusion on the *interim financial performance report and programme performance report for the biennium 1994-1995* submitted by the Chairman (PBC.11/L.3), the Committee adopted the following conclusion:

Conclusion 95/5

The Programme and Budget Committee:

(a) Took note of the interim financial performance report for the biennium 1994-1995 submitted by the Director-General (PBC.11/8 and Corr.1) and the Annual Report of UNIDO, 1994 (PBC.11/10; PBC.11/10/Add.1 and Corr.1);

(b) Requested the Director-General to reflect information on trust fund contributions from Member States in the programme performance report to the Industrial Development Board at its next session.

16. On 27 April, after consideration of a draft conclusion on the *financing of the UNIDO Country Director programme* submitted by the Chairman (PBC.11/L.12), the Committee adopted the following conclusion:

Conclusion 95/6

The Programme and Budget Committee:

(a) Took note of the interim financial performance report for the biennium 1994-1995 (PBC.11/8 and Corr.1);

(b) Invited the Executive Board of the United Nations Development Programme and of the United Nations Population Fund at its 1995 annual session to accede to the request of UNIDO for additional financial contributions by the United Nations Development Programme to the UNIDO Country Director programme in 1997 as a bridging measure to reach the end of the UNIDO biennial budgetary period 1996-1997.

17. On 27 April, after consideration of a draft conclusion on the *recommendations for appointment of an External Auditor* submitted by the Chairman (PBC.11/L.2), the Committee adopted the following conclusion:

Conclusion 95/7

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recommends that the General Conference approve an extension of the present appointment of the President of the Federal Court of Audit of Germany as the External Auditor of UNIDO for a period of two years, from 1 July 1996 to 30 June 1998, under the terms of reference specified in the Financial Regulations of UNIDO;

"(b) Requests the Director-General, in future, to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Programme and Budget Committee for consideration."

III. PROGRAMME AND BUDGETS, 1996-1997 (item 6); SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES (item 7); WORKING CAPITAL FUND FOR THE BIENNIUM 1996-1997 (item 8)

18. On 25 April, the Committee considered the proposals of the Director-General for the programme and budgets, 1996-1997 (PBC.11/2 and Corr.1) supplemented by a conference room paper on focusing of UNIDO activities submitted by the Director-General (PBC.11/CRP.3) and a conference room paper containing a note by the Secretariat on revaluation and inflation in the regular budget, 1996-1997 (PBC.11/CRP.2); a note by the Secretariat on the scale of assessments for the fiscal period 1996-1997 (PBC.11/5 and Add.1); proposals by the Director-General for the Working Capital Fund for the biennium 1996-1997 (PBC.11/3); and a report by the Director-General on the financial situation of UNIDO

containing the status of advances to the Working Capital Fund as of 28 February 1995 (PBC.11/7, annex II) updated in conference room paper PBC.11/CRP.4, annex II.

19. On 27 April, after consideration of a draft conclusion on the *programme and budgets, 1996-1997* submitted by the Chairman (PBC.11/L.7), the Committee adopted the following conclusion:

Conclusion 95/8

The Programme and Budget Committee:

(a) Having considered the proposals of the Director-General for the programme of work for the 1996-1997 biennium and the corresponding total resource requirements by major programme to be financed from the regular and operational budgets as contained in document IDB.14/2-PBC.11/2 and Corr.1;

(b) Noted that the exchange rate applied in those estimates was US$ 1 = AS 12.90 for the regular and operational budgets and that those estimates would be adjusted to take account of the United Nations accounting rate of exchange prior to the end of the sixth session of the General Conference;

(c) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(i) Adopts for submission to the General Conference for consideration and approval the programme and budgets for 1996-1997 as contained in document IDB.14/2- PBC.11/2 and Corr.1;

"(ii) Recommends to the General Conference the approval on the basis of an exchange rate of US$ 1 = AS 12.90 of appropriations in the amount of $238,819,300 for the regular budget of the Organization in 1996-1997 as reflected in the following table:

	Appropriations	Estimated income (in US dollars)	Net requirements
Policy-making Organs	7,975,400		7,975,400
General Management	13,367,000		13,367,000
Country Strategy and Programme Development	22,681,700		22,681,700
Mobilization and Management of Financial Resources	8,138,200		8,138,200
Information and Research	16,442,900		16,442,900
Human Resource, Enterprise and Private Sector Development	12,495,400		12,495,400
Industrial Sectors and Environment	19,936,400		19,936,400
Investment and Technology Promotion	16,032,500		16,032,500
Common Programmes	19,783,300		19,783,300
Operational Support Services	8,940,800		8,940,800
Joint and Common Services	56,194,300	27,268,600	28,925,700
Administration	36,831,400	755,500	36,075,900
Miscellaneous Income		1,605,400	(1,605,400)
Total	**238,819,300**	**29,629,500**	**209,189,800**

Note: The amounts presented in the table are to be adjusted in accordance with the adjustment formula presented at the end of the present decision to take account of exchange rate variations during the biennium.

"(iii) Also recommends to the General Conference that the foregoing net requirements be financed from payments of contributions by Member States under the provisions of financial regulation 5.5(e), amounting to $209,189,800 at an exchange rate of US$ 1 = AS 12.90 ($25,102,800 plus the equivalent in US$ of AS 2,374,722,300) in accordance with decisions to be adopted by the General Conference at its sixth session concerning the scale of assessments;

"(iv) Further recommends to the General Conference the approval of estimates of expenditure totalling $28,809,900 at an exchange rate of US$ 1 = AS 12.90 for the purpose of the operational budget for the biennium 1996-1997 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations.

Adjustment formula in US dollars

Appropriations	US dollars	Austrian schillings
Policy-making Organs	459,700	96,952,200 /R
General Management	1,540,100	152,566,500 /R
Country Strategy and Programme Development	2,526,100	260,007,700 /R
Mobilization and Management of Financial Resources	963,500	92,553,600 /R
Information and Research	2,153,700	184,331,000 /R
Human Resource, Enterprise and Private Sector Development	1,574,600	140,878,300 /R
Industrial Sectors and Environment	2,472,800	225,280,100 /R
Investment and Technology Promotion	2,307,300	177,054,900 /R
Common Programmes	4,545,300	196,570,200 /R
Operational Support Services	760,000	105,532,500 /R
Joint and Common Services	3,292,600	682,432,400 /R
Administration	4,445,000	417,784,500 /R
Subtotal - Appropriations	27,040,700	2,731,943,900 /R
Estimated income		
Joint and Common Services	1,211,000	336,143,100 /R
Administration	28,100	9,383,300 /R
Miscellaneous	698,800	11,695,200 /R
Subtotal - Estimated income	1,937,900	357,221,600 /R
TOTAL NET REQUIREMENTS	**25,102,800**	**2,374,722,300 /R**

Note 1: The net requirements shown above assume a ratio of 12 per cent in US dollars and 88 per cent in Austrian schillings at an exchange rate of US$ 1 = AS 12.90.

Note 2: R represents the average United Nations exchange rate for Austrian schilling to US dollar which will be experienced during 1996-1997."

20. On 27 April, after consideration of a draft conclusion on the *scale of assessments for apportionment of the regular budget expenses* submitted by the Chairman (PBC.11/L.5), the Committee adopted the following conclusion:

Conclusion 95/9

The Programme and Budget Committee:

(a) Took note of documents PBC.11/5 and Add.1 on the scale of assessments for the fiscal period 1996-1997;

(b) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board recommends to the General Conference the establishment of a scale of assessments for the 1996-1997 biennium based on General Assembly resolution 49/19B to be adjusted to the membership of UNIDO, on the understanding that, in accordance with financial regulation 5.6, new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessment as applicable to UNIDO."

21. On 27 April, after consideration of a draft conclusion on the *Working Capital Fund for the biennium 1996-1997* submitted by the Chairman (PBC.11/L.6), the Committee adopted the following conclusion:

Conclusion 95/10

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recommends to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 1996-1997 biennium remain the same as for the 1994-1995 biennium, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

"(b) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions."

IV. REVIEW OF UNIDO COUNTRY DIRECTOR PROGRAMME AND THE PROPOSAL OF A NEW FRAMEWORK FOR FIELD REPRESENTATION (item 11)

22. On 25 April, the Committee considered the review of the UNIDO Country Director programme and the proposal of a new framework for field representation submitted by the Director-General (PBC.11/11).

23. On 27 April, after consideration of a draft conclusion on the *review of the UNIDO Country Director programme and the proposal of a new framework for field representation* submitted by the Chairman (PBC.11/L.11), the Committee adopted the following conclusion:

Conclusion 95/11

The Programme and Budget Committee

(a) Took note of document PBC.11/11 submitted by the Director-General concerning the UNIDO Country Director programme and proposals for a new framework for field representation;

(b) Encouraged the Director-General to continue his efforts to achieve an appropriate degree of decentralization of the Organization within available resources, mainly from the regular budget;

(c) Stressed the desirability for stronger support by UNIDO to regional as well as subregional intergovernmental economic cooperation schemes among developing countries and for responding to their increasing demands for UNIDO services in the field of industry through, *inter alia*, establishing appropriate subregional offices of UNIDO;

(d) Requested the Director-General to present to the fourteenth session of the Industrial Development Board for its consideration a more elaborated and revised version of his proposal, in consultation with Member States and taking into account the financial situation of UNIDO.

V. INDUSTRIAL DEVELOPMENT FUND (item 9)

24. On 26 April, the Committee considered a report by the Director-General on the Industrial Development Fund containing the estimated resource level and programming thrust for 1996 and 1997 (PBC.11/6); information on the

nature of projects financed from the Industrial Development Fund, contained in the Annual Report of UNIDO, 1994 (PBC.11/10/Add.1, appendix C); and a conference room paper listing the projects approved under the Industrial Development Fund in 1994 (PBC.11/CRP.1).

25. On 27 April, after consideration of a draft conclusion on the *Industrial Development Fund* submitted by the Chairman (PBC.11/L.8), the Committee adopted the following conclusion:

Conclusion 95/12

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recalls the Yaounde Declaration (GC.5/Res.20) as well as decision IDB.13/Dec.17 on the Industrial Development Fund (IDF);

"(b) Takes note of the report of the Director-General contained in document IDB.14/5-PBC.11/6;

"(c) Approves the action plan for 1996 and 1997 as contained in chapter II of that document;

"(d) Decides to delegate authority to the Director-General to approve projects for financing under the Fund in 1996 and 1997 in accordance with the priority areas of the medium-term plan;

"(e) In reiterating General Conference resolution GC.5/Res.8, encourages Member States:

"(i) To increase their IDF pledges to ensure that the desirable annual funding level of $50 million be reached as soon as possible through contributions by Governments;

"(ii) To provide part of their contributions to the general-purpose convertible segment of the Fund so that a minimum annual level of $10 million can be achieved for that segment as soon as possible;

"(iii) To consider providing umbrella contributions for financing preparatory assistance of large-scale activities and/or contributions towards the 1996-1997 priority programmatic themes."

VI. ELECTRONIC DATA-PROCESSING PROGRAMME (item 12)

26. On 26 April, the Committee considered a report by the Director-General on the electronic data-processing programme (PBC.11/4).

27. On 27 April, after consideration of a draft conclusion on the *electronic data-processing programme* submitted by the Chairman (PBC.11/L.9), the Committee adopted the following conclusion:

Conclusion 95/13

The Programme and Budget Committee:

(a) Took note of document PBC.11/4 on the electronic data-processing programme;

(b) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(i) Recalls GC.4/Dec.18 which, *inter alia*, requested the Director-General to keep Member States fully apprised of the electronic data-processing programme by quarterly briefings and to report to the subsequent sessions of the policy-making organs on the programme;

"(ii) Considers that such quarterly briefings are no longer necessary and that the electronic data-processing programme need no longer automatically feature on the agendas of subsequent sessions of the policy-making organs, in the interests of rationalizing the work of the policy-making organs;

"(iii) Recommends to the General Conference that it rescind the above-mentioned mandatory reporting requirements it imposed on the Director-General in paragraphs (h) and (i) of decision GC.4/Dec.18.";

(c) Requested the Director-General to submit information to the Industrial Development Board on the modalities of establishing electronic networking arrangements between UNIDO and the Permanent Missions in Vienna.

VII. DATE OF THE TWELFTH SESSION (item 13)

28. On 27 April the Committee, in agreement with a proposal of the Chairman, adopted the following conclusion:

Conclusion 95/14

The Programme and Budget Committee decided to hold its twelfth session from 2 to 6 September 1996.

VIII. ADOPTION OF THE REPORT AND CLOSURE OF THE ELEVENTH SESSION (items 14 and 15)

29. On 27 April the Committee adopted the draft report of its eleventh session (PBC.11/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

30. The Committee closed its eleventh session at 4.40 p.m. on 27 April 1995.

Annex I

STATEMENTS BY DELEGATIONS

1. The present annex contains statements of principle and statements connected with the adoption of conclusions delivered by delegations during the eleventh session of the Programme and Budget Committee; these statements have been included at the request of the delegations concerned and as agreed to by the Chairman.

Financial situation of UNIDO (item 4)

2. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservation on conclusion 95/2 for the reasons explained in its opening statement at the second plenary meeting.

Financial situation of UNIDO (item 4) and interim financial performance report and programme performance report for the biennium 1994-1995 (item 5)

3. Speaking on behalf of the **Group of 77**, the delegation of Sudan said that the Group had submitted a very reasonable draft conclusion that would allow the non-budgetary allocation of the unutilized balance of about US$ 14.7 million to strengthen the statutory cash base of the Organization. In the spirit of compromise, the Group had not insisted on the adoption of its proposals, but hoped that the Industrial Development Board would make a clear decision on that important matter. The Group supported the argument that suspension of specific financial regulations should not constitute a precedent and become a practice, but as long as the financial situation of UNIDO had not improved to a satisfactory level and the cash base of the Organization was not stabilized, such a decision would be the only remaining option. Based on the information received from the Secretariat during informal consultations and taking into account the statements made by some Member States during the plenary with respect to the payment of their assessed contributions, it appeared that despite the current improvement in the rate of collection, the situation would not be so hopeful in the near future. As indicated by the Secretariat, in these uncertain circumstances, it would not be possible to plan even the daily activities of the Organization for the current year. By not suspending that financial regulation, the unutilized balances would revert to the Member States. Those sums would not be much for each of them, but altogether would constitute a considerable amount that would strengthen the cash flow of the Organization and facilitate the implementation of its planned activities. As suggested in the Group's draft, it could also be used for other purposes that the Member States may approve, such as the new field representation programme of UNIDO. The Group hoped that the Industrial Development Board would consider the subject as a matter of urgency calling for prompt action and for that reason it reserved its right to submit its proposals to the Board.

Interim financial performance report and programme performance report for the biennium 1994-1995 (item 5)

4. The delegation of **Denmark** said that, in connection with the adoption of conclusion 95/6 on financing of the UNIDO Country Director programme, it assumed that the contents of subparagraph (b) should not be interpreted as an attempt to prejudge the discussions in the Executive Board of the United Nations Development Programme and of the United Nations Population Fund.

Programme and budgets, 1996-1997 (item 6)

5. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservations on conclusion 95/8 for the reasons explained in its opening statement at the second plenary meeting.

Working Capital Fund for the biennium 1996-1997 (item 8)

6. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservation on conclusion 95/10 for the reasons explained in its opening statement at the second plenary meeting.

Review of UNIDO Country Director programme and the proposal of a new framework for field representation (item 11)

7. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservation on conclusion 95/11 for the reasons explained in its opening statement at the second plenary meeting.

8. Speaking on behalf of the **Group of 77**, the delegation of Sudan said that with regard to conclusion 95/11, the Group believed that, based on the principle of decentralization of UNIDO's activities - a concept

supported by all Member States as part of the reform process - UNIDO should strengthen its field representation at country, subregional and regional levels to respond effectively and efficiently to the increasing demands for its services in the developing countries. The present UNIDO Country Director programme was neither well equipped nor sufficient in number to meet the new challenges in the field. Even the target of 50 Country Director posts had not yet been achieved due to the lack of financial resources. For those reasons, both the Committee and the Industrial Development Board at the preceding sessions had emphasized the importance of establishing a sound financial basis for the programme and the need to take urgent and effective measures on the matter based on the new framework that the Director-General was requested to submit. The Group strongly believed that the proposal of the Director-General for a new framework for field representation as contained in document PBC.11/11, his suggestion to use $10 million of the unutilized balances from the 1992-1993 biennium as an initial funding for field representation as well as his intention to establish a field representation fund met the desires of Member States and fitted within the reform process of UNIDO. The Group was still of the conviction that a decision on the subject should have been made at the current session of the Committee on the basis of those proposals. However, in view of reaching a compromise, it had not insisted on its own draft conclusion. The Group hoped that a constructive decision could be made on the subject at the fourteenth session of the Industrial Development Board.

Other statements

9. Speaking on behalf of the **Latin American and Caribbean Group**, the delegation of Paraguay said that the discussions during the current session had confronted the Committee with a paradox. While enjoying *for the time being* a relatively satisfactory situation as regards the financial resources intended for the operation of the Organization, the funding intended for projects through the Industrial Development Fund - which was made up of voluntary contributions - had not reached the level desired in spite of efforts made by the Secretariat and the support provided by a number of countries. In referring to the relative financial stability, he wished to emphasize the words *for the time being*, since the Group had observed with concern that the apparent stability might come up against serious difficulties in the short and medium term. The Group noted that although the Yaoundé Declaration emphatically stated that Member States had committed themselves firmly to renew their political and financial support to the revitalized UNIDO, the hoped-for response had not materialized. Faced by the growing gap between the tasks of UNIDO and the resources available for their execution, the Group reiterated the importance which it attached to achieving the Organization's purposes, and called upon all Member States to cooperate to that end.

10. Speaking on behalf of the **African Group**, the delegation of Morocco said that it had taken note of the explanations furnished by the Secretariat regarding the implementation of the Africa Programme and of the Second Industrial Development Decade for Africa. Based on the incomplete and unsatisfactory information concerning the implementation of the Second IDDA and taking into account the failure of the first Decade, the Group expressed the wish that increased importance be given to that programme. The Group further reiterated the request that the Secretariat carry out a complete and exhaustive evaluation of the progress achieved in the implementation of the Second Decade. The assessment to be prepared should be more complete than the information provided to the current session, which was of a general nature. The Group would return to the matter at the fourteenth session of the Industrial Development Board.

Annex II

LIST OF DOCUMENTS SUBMITTED TO THE ELEVENTH SESSION

Symbol	Agenda item	Title
PBC.11/1	3	Provisional agenda
PBC.11/1/Add.1	3	Annotated provisional agenda
PBC.11/2 IDB.14/2 and Corr.1	6	Programme and budgets, 1996-1997. Proposals of the Director-General
PBC.11/3 IDB.14/3	8	Working Capital Fund for the biennium 1996-1997. Proposals by the Director-General
PBC.11/4	12	Electronic data-processing programme. Report by the Director-General
PBC.11/5 IDB.14/4 and Add.1	7	Scale of assessments for the fiscal period 1996-1997. Note by the Secretariat
PBC.11/6 IDB.14/5	9	Industrial Development Fund. Estimated resource level and programming thrust for 1996 and 1997. Report by the Director-General
PBC.11/7	4	Financial situation of UNIDO. Report by the Director-General
PBC.11/8 and Corr.1	5	Interim financial performance report for the biennium 1994-1995. Submitted by the Director-General
PBC.11/9 IDB.14/6	4	Report on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities. Submitted by the Director-General
PBC.11/10 IDB.14/10	5	Annual Report of UNIDO, 1994
PBC.11/10/Add.1 IDB.14/10/Add.1 and Corr.1	5	Annual Report of UNIDO, 1994. Interim programme performance report for the biennium 1994-1995
PBC.11/11	11	Review of UNIDO Country Director programme and the proposal of a new framework for field representation. Submitted by the Director-General
		* * *
PBC.11/CRP.1	9	Lists of projects approved under the Industrial Development Fund (IDF) in 1994. Prepared by the Secretariat
PBC.11/CRP.2	6	Programme and budgets, 1996-1997. Revaluation and inflation in the regular budget, 1996-1997. Note by the Secretariat
PBC.11/CRP.3	6	Programme and budgets, 1996-1997. Focusing of UNIDO activities. Submitted by the Director-General
PBC.11/CRP.4	4	Financial situation of UNIDO. Update of document PBC.11/7. Note by the Secretariat
PBC.11/CRP.5	-	List of participants